

## Price and Consumption of Little Cigars/Brown Cigarettes

As cigarette excise taxes have risen in recent years, consumption of cheaper tobacco products including little cigars (also known as brown cigarettes) has increased dramatically in the United States.<sup>1</sup> Little cigars are just as addictive and dangerous as cigarettes.<sup>2,3,4</sup> Increasing the price of tobacco products has been shown to reduce consumption,<sup>5</sup> but in Indiana the tax on little cigars remains lower than the tax on cigarettes. This fact sheet provides information on the price, consumption, and health hazards of little cigars in Indiana and the United States.

### Similarities between little cigars and cigarettes<sup>6</sup>

Little cigars are similar in size and appearance to cigarettes. Like cigarettes, they usually have a filter and are often sold in packs of 20 that look very similar to packs of cigarettes. However, the wrappers of little cigars contain a small amount of tobacco and are brown in color.

### Price of little cigars

Despite the similarities between little cigars and cigarettes, little cigars are classified as “other tobacco products” and are taxed differently than cigarettes in Indiana. While cigarettes are taxed at \$0.995 per pack, little cigars are taxed at 24% of the wholesale price.<sup>7</sup> Because the wholesale price of little cigars tends to be lower than that of cigarettes, this often results in a lower tax per pack on little cigars than cigarettes. The final retail price per pack of little cigars is often far lower than the retail price per pack of cigarettes.

### Impact of price differences between cigarettes and little cigars

As cigarette prices have increased, consumption of little cigars and other cigar products has increased in recent years.

- Between 2000 and 2012, cigar sales in the U.S. more than doubled, while cigarette sales declined by 34%.<sup>8</sup>
- Between 2000 and 2008, most of the growth in cigar sales was due to increased sales of little cigars, which rose 158% while large cigar sales rose only 46%.<sup>9</sup>

### Tobacco industry product manipulation

When the federal tax on little cigars was raised in 2009, tobacco companies avoided the tax increase by slightly increasing the weight of little cigars so that they would be classified as “large cigars”. This was often done by making the filter heavier or by adding additives such as sepiolite, a substance also used in cat litter.<sup>10</sup>

### Cigarette vs. Little Cigar:



*Top: Cigarette*

*Bottom: Little cigar/brown cigarette*

### Hazards of cigars: <sup>2, 3, 4</sup>

**Cigars are addictive and contain high levels of nicotine.**

**Regular cigar smoking increases the risk of:**

- Cancer of the lip, tongue, mouth and throat
- Cancer of the larynx
- Cancer of the esophagus
- Lung cancer
- Chronic obstructive pulmonary disease (COPD)
- Coronary heart disease

**Cigar smoke contains the same toxic chemicals as cigarettes, and they emit secondhand smoke and thirdhand smoke.**

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### Little cigar use among price-sensitive populations

Populations with limited income, such as youth and low-income adults, are more sensitive to increases in cigarette prices. As a result, they may turn to cheaper products such as little cigars.

- In Indiana, the rate of cigar use among individuals making less than \$20,000 (8.3%) is more than double the rate among all adults age 18 and older (3.9%).<sup>11</sup>
- The rate of cigar smoking among Indiana high school students (9.3%) is more than double the rate among adults.<sup>12</sup>

### Reducing the burden of little cigars

Increasing the price of tobacco products has been shown to be an effective way to reduce tobacco consumption.<sup>13</sup> Raising the price of little cigars through strategies such as increasing excise taxes, implementing minimum price requirements, or restricting price discounting may reduce the use of this dangerous product among Hoosiers, particularly youth and populations disparately affected by tobacco use.

### References

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- <sup>12</sup> Indiana Youth Tobacco Survey, 2014.
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### Cigar use in Indiana

- 3.9% of Indiana adults – about 190,000 people – smoked cigar products including little cigars in 2015.<sup>11</sup>
- In 2014, 9.3% of Indiana high school students and 1.7% of middle school students used cigar products including little cigars.<sup>12</sup>